

**STATEMENT  
OF THE  
SUBURBAN O'HARE COMMISSION  
TO  
SENATE COMMITTEE  
ON COMMERCE, SCIENCE, AND TRANSPORTATION  
JUNE 15, 2001**

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**SUBURBAN O'HARE COMMISSION**

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Mr. Chairman, and members of the Senate Committee on Commerce, Science, and Transportation. Thank you for the opportunity to present the views of the Suburban O'Hare Commission on the vital question of what to do about the Chicago region's aviation capacity problem. The Suburban O'Hare Commission (SOC) is a consortium of 14 local governments adjacent to O'Hare Airport, representing several hundred thousand citizens. I serve as their counsel<sup>1</sup>.

My testimony today makes the following points:

1. There is wide regional consensus that the Chicago region needs construction of major new airport capacity.
2. O'Hare is now out of capacity and Midway will be out of capacity in about three years.
3. The major new airport capacity needs to handle a passenger load equal to another O'Hare.
4. The central question facing the region is where to put the major new capacity — at a New South Suburban Airport, O'Hare, Midway, or even Gary or Rockford.
5. The decision-making process must be open and fair and not a “done deal” behind closed doors.
6. When debated and decided openly and fairly in public, the inevitable choice for building the major new airport capacity for the region is the South Suburban Airport.
  - The new airport can be built faster than expanding O'Hare.
  - The new airport can be built at far less cost than expanding O'Hare.
  - The new airport can be operated with far less adverse environmental impact on surrounding residential communities than will be the case of expanding O'Hare.
  - The new airport provides much more new regional capacity than O'Hare expansion — the new airport will provide more than four times the capacity of O'Hare expansion at less than ½ the cost.
  - Based on the limited capacity provided by quad runways at O'Hare, even an expanded O'Hare (*i.e.*, with quad runways) is likely to quickly run out of capacity. Result: A huge capital investment with insufficient capacity to meet regional needs and a quick return to the congestion and delay conditions of today — only at increased traffic levels.

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<sup>1</sup> A statement of my professional background is attached as Exhibit 1

- The new airport creates far more opportunity for bringing in new competition and breaking the monopoly control of United and American over high business fares in the region.
7. The so-called “compromise” being sponsored by the “Civic Committee” and by United and American Airlines — new runways at O’Hare and a new “airport” — is a bad choice for the region, the O’Hare area communities, and the South suburbs.
  8. The Tribune, Chicago, the airlines and the FAA are trying to stampede and steam roll a decision to build runways at O’Hare without allowing rigorous public examination of the issues and the alternatives such as a new regional airport. Anyone who asks hard questions is ridiculed — witness the Chicago Tribune calling Senator Fitzgerald a “political panderer” for asking questions neither the Tribune, the airlines, nor Chicago want to answer.
  9. Delays at O’Hare are a red herring. Neither a new regional airport nor new O’Hare runways will be available in the next five years. The real issue on delays is what to do with delays now and in the next five years. O’Hare needs to be given the same rigorous analysis that is currently underway at LaGuardia to match demand with the existing capacity at that airport. By matching demand and existing capacity, the current delays at O’Hare (and other similarly congested airports like LaGuardia) can be dramatically reduced. Once current delays are addressed by matching demand with existing capacity, we can engage in a rational debate and discussion about which alternatives (*e.g.*, new airport or O’Hare expansion) should be implemented. The alternative selected should provide opportunities for long-term growth without repeating the growth/congestion/delay cycle now afflicting O’Hare and which will be repeated with any quad runway proposal for O’Hare.
  10. Proposals to strip and gut the Governors and Legislatures of 50 states of their ability to enforce state clean air, clean water, and public health laws as applied to proposed expansion of existing airports should be dead on arrival. Congressman Lipinski’s proposal (and similar proposals being attributed to Senators Harkin and Grassley) would prevent Massachusetts from protecting the citizens of Boston (new runway proposed at Logan Airport), prevent the state of New York from protecting citizens around LaGuardia from new runway proposals, prevent the State of California from protecting the natural resources of San Francisco Bay (new runway at SFO), prevent the State of Washington from enforcing Washington state environmental laws at Sea-Tac, and prevent the State of New Jersey from protecting the citizens around Newark. Indeed, Congressman Lipinski should know that this same legislation, if passed, would strip the power of the State of Illinois to protecting the citizens around Midway from runway expansion at Midway. The proposal to gut state environmental and public health laws from airport development is both bad policy and bad law. It is likely unconstitutional.
  11. Your Senate Committee has stepped into a Hornet’s nest of political corruption. Chicago wants to expand O’Hare and defeat a major new South Suburban Airport

because Chicago wants to control the massive patronage dollars and opportunities for graft afforded by billions of federal dollars. The entire operation of O'Hare airport is permeated with the stench of corruption and kickbacks — what the Tribune calls “The Stench at O'Hare”.

The airlines and the downtown business community stand idly by and let this corruption continue because they either profit from it or are afraid. The airlines like it because they use their relationship with a corrupt city government to rip off hundreds of millions of dollars from the business travelers based in Chicago.

**1. We Now Have Regional Consensus That The Chicago Region Needs Construction Of Major New Airport Capacity.**

Congressmen Hyde and Jackson have said this for years. The Suburban O'Hare Commission and the DuPage County Board has said this for years. Governor Ryan and the State of Illinois have been saying this for years. Now the downtown “Civic Committee” and the airlines are saying that the region needs major new capacity<sup>2</sup>. The only person who persists in publicly claiming that the region does not need new airport capacity is Mayor Daley in Chicago.

**2. O'Hare Is Now Out Of Capacity And Midway Will Be Out Of Capacity In About Three Years.**

By the FAA's and Chicago's own standards, O'Hare is currently out of capacity<sup>3</sup>. Attempts to force more traffic into the existing O'Hare airfield will lead to even more massive congestion and delay than we currently experience.

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<sup>2</sup> The State of Illinois says the new airport capacity needed in the region is 30 million enplanements. The Civic Committee/Chicagoland Chamber Booz Allen Report (paid for by United Airlines) says the region needs capacity for 27 million new enplanements. The City of Chicago's secret internal forecast recently released by court order shows that the City forecasts the need for new capacity for 35 million boarding passengers. See discussion *infra*.

<sup>3</sup> For many years FAA has considered the practical capacity of an airport to be reached when the AAW (average annual all weather delay) reached 4 minutes per operation, based on an assumption that peak delays would be roughly 5 times the average and about the limit that a transfer airport could tolerate. In recent years Chicago and the FAA have used ten minutes AAW as the upper bound of acceptable capacity after which the airport transfer system begins to collapse. See Exhibits 2, 3, 4 attached hereto. SIMMOD capacity studies conducted by Chicago and the FAA have shown that O'Hare operations have exceeded the outer limit of this 10 minute AAW delay since as early as 1993.

It is a little known fact that at current rates of growth, Midway will rapidly exhaust its capacity — likely in about three years<sup>4</sup>. Where will ATA and Southwest go when Midway runs out of capacity? Will we be back here in three years saying that Midway needs new runways? At what cost in dollars and disruption of Midway communities? Will Congressman Lipinski’s bill to gut state laws affecting airport expansion strip protection from his own constituents at Midway? Will ATA and Southwest go to O’Hare? Where?

**3. The Major New Capacity Needs to Handle a Passenger Load Equal to Another O’Hare.**

We now have regional consensus that we need to build major new regional airport capacity to handle a passenger load roughly equivalent to another O’Hare airport. O’Hare currently handles about 34 million boarding passengers (called “enplanements”) annually at 900,000 operations.

The State of Illinois says the new airport capacity needs to handle 30 million new boarding passengers and proposes a new South Suburban Airport with six new runways and a large environmental buffer to handle that massive new load.

Recently released Court documents show that Chicago has a secret study that shows that the new airport facilities will have to handle 35 million boarding passengers and that even a massive conversion at O’Hare into a “quad runway” system at a cost in excess of \$10 billion dollars will not accommodate the forecast additional traffic.

The “Civic Committee” relies on a study funded by United Airlines and performed by United’s own consultant which states that the new increased passenger load will be 27 million boarding passengers — roughly the same as the State of Illinois’ projected demand. Under the Civic Committee proposal, virtually all of the new traffic

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<sup>4</sup> This estimate of three years of remaining capacity is based upon what appears to be an agreement that Midway’s practical capacity is about 9 million annual enplanements and that Midway is currently at 7 million annual enplanements. The three year estimate is based on current growth rates that have been experienced at Midway in recent years.

growth would be funneled into a massively expanded O'Hare where the new traffic would be directed to an airport complex dominated by American and United. Bottom line: O'Hare area communities get hundreds of thousands of additional flights — United and American get the lion's share of the traffic growth and are able to squeeze out competition.

**4. The Central Question Facing the Region Is Where To Put the Major New Capacity — at a New South Suburban Airport, O'Hare, Midway, or even Gary or Rockford.**

Senator McCain has stated the right perspective: We all agree that the region needs new capacity. The question is where to put it. The suggested places are self-evident. At a defined cost and with defined economic and environmental impacts, the new capacity can be built: 1) at the new South Suburban site, 2) at O'Hare, or 3) at Midway. Other alternatives that have been suggested include Gary and Rockford.

**5. The Decision-Making Process Must Be Open and Fair and Not a “Done Deal” Behind Closed Doors.**

The Tribune and the airline sponsored “Civic Committee” have proposed that Governor Ryan break his campaign promise of no more runways and make a back room deal with Mayor Daley to trade new runways at O'Hare in return for some acceptance of some kind of airport at Peotone. This suggested “compromise” is bad for the region on both process and substance:

- **First, it is bad process.** The entire region has a major stake in this decision. It is simply improper for the City of Chicago to cut a back room deal with the Governor. All proposals — the South Suburban Airport, Expanded O'Hare, Gary, Rockford, or any other proposals — should be examined openly and fairly in public on the basis of their respective costs, benefits, and environmental and economic impacts.

- **Second, it is bad substance.** Trading an O'Hare runway for a token airport at Peotone (what we call a Quonset hut and a windsock) dooms Peotone and guarantees the massive expansion at O'Hare. The airlines, Chicago's former aviation commissioner, and SOC all agree that if you expand O'Hare you cannot make an economic justification for Peotone. Even if built, Peotone will become a "white elephant on the prairie" just as the St. Louis area's Mid-America Airport is sitting empty while Lambert Airport is getting a new runway. At the same time the greatly expanded O'Hare envisioned by the Tribune and the Civic Committee will funnel hundreds of thousands of new flights over our communities while expanding the monopoly lock that United and American have on high priced fares charged to Chicago area business travelers.

The Governor deserves praise for holding his ground on the airline/Chicago/Tribune/Civic Committee pressure to break the Governor's solemn promise to our communities to ban new runways at O'Hare. And he should reject their suggestions to make a deal behind closed doors. We agree with his request to all parties to put their plans to address the region's capacity needs on the table in public and allow them to be publicly debated.

We are respectfully asking — indeed demanding as our right as citizens in a democracy — that the details of the costs and impacts of the O'Hare expansion proposal be fully and publicly disclosed and compared to other alternatives such as the South Suburban Airport and publicly debated — before any decision is made on which alternative to pursue. We will not tolerate closed door, back room deals that shut the public and our communities out of the decisionmaking process.

Apparently Senator Durbin and Congressman Lipinski have been shown the details of the airlines and City of Chicago O'Hare expansion plans. But they have not shared this information with the public. Nor have they been willing to answer the hard

questions raised by Senator Fitzgerald, Congressman Hyde, Congressman Jackson, and residents of our communities and south suburban communities<sup>5</sup>.

Recent documents released by the Illinois Appellate Court disclose that Chicago and the O'Hare airlines have repeatedly and consistently lied to the Congress, the Illinois Legislature, the press and the public about the issues of air transportation demand and capacity in the Chicago region. These documents reveal what Chicago's lead aviation consultant (Landrum & Brown) — the company that the FAA is currently using to advise the current O'Hare "Delay Task Force" — called a twenty year "guerilla war" which Chicago and the O'Hare airlines waged to "kill" the South Suburban Airport and expand O'Hare<sup>6</sup>.

The history of deceit and secrecy continues. Chicago and the FAA have now recreated the "Delay Task Force" (which was internally known as a "capacity enhancement team) to address "delays" at O'Hare. Yet Chicago's own internal documents show what we all know — that reducing delays automatically increases capacity for more flights<sup>7</sup>. Invited to participate in this capacity enhancement team were representatives of the Fortress O'Hare airlines. When suburban communities who will be impacted asked to attend meetings of this group, we were told that the group would meet in secret behind closed doors and that the public and the press were excluded. When the President of the Illinois Senate — in whose district O'Hare is located — asked to have a representative observe the meeting, he was turned away and told the meeting was secret. The Congress should not tolerate continued deception.

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<sup>5</sup> An illustrative list of the questions that the Tribune, the airlines, Senator Durbin, and Congressman Lipinski don't want asked and won't answer is enclosed as Exhibit 5.

<sup>6</sup> The entire Evidentiary Appendix released by the Appellate Court has been provided to the Committee in electronic format as an Adobe Acrobat file. Summaries of individual items of evidence are attached as Exhibits 6, 7, 8, 9, 12, and 14.

<sup>7</sup> See Exhibits 8, 10, and 11 attached hereto.



**6. When Debated and Decided Openly and Fairly in Public, the Inevitable Choice For Building the Major New Airport Capacity For the Region is the South Suburban Airport.**

When the open public debate occurs, it is clear that the overwhelming and inevitable choice for building the major new capacity is the South Suburban Airport.

- **The new airport can be built faster than expanding O'Hare.** The reason for the faster construction is based on the difference between “greenfield” construction and trying to rebuild in and over existing construction. In the case of the new airport vs. rebuilding O'Hare, this difference is vastly magnified by trying to build billions of new construction while servicing 900,000 flights each year.
- **The new airport can be built at far less cost.** Cost estimates released by the State of Illinois say that a six runway new airport at Peotone would cost in the vicinity of 5 billion dollars. Cost estimates for new runways at O'Hare are between 1-2 billion per runway. Since Chicago already has admitted that the announced terminal expansion plans will cost 6 billion dollars, the cost of O'Hare expansion will be between 10-15 billion dollars<sup>8</sup>. That 10-15 billion dollar estimate does not include the cost of western access (which Chicago knows is needed to bring the passenger load into the airport to service the new runways and terminals), a western terminal and parking facility (needed to service western access), the cost of destroying a large chunk of Bensenville and Elk Grove Village, and the cost of additional mitigation by soundproofing due to increased flights.

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<sup>8</sup> The cost estimates for the South Suburban Airport include all integrated Airside, Terminal and Landside facilities. Chicago internal documents released by the Appellate Court repeatedly acknowledge the need to build road and terminal facilities with terminal and access capacity to match the runways and repeatedly acknowledge the need for such a balanced “integrated” analysis of airport facility requirements. See *e.g.* Exhibit 12 and Exhibit 17

- **The new airport can be operated with far less environmental impact.** It is clear that the new South Suburban Airport can be built with far less environmental impact. The new airport has a massive non-residential environmental land buffer to mitigate the noise and air pollution created by the facility. In contrast, the environmental “buffer” for O’Hare currently consists of Bensenville, Wood Dale and a host of other DuPage County communities — a residential “buffer” which will receive even more adverse impact when several hundred thousand additional flights are added to O’Hare.

O’Hare is currently — by Chicago’s own admission — the largest emission source of toxic and hazardous air pollutants in the State of Illinois<sup>9</sup>. In addition, noise monitoring data shows that current O’Hare noise extends over a far greater area than admitted by Chicago. Adding several hundred thousand additional flights will only make it worse.

- **The new airport provides much more new regional capacity.** The State of Illinois estimates the capacity of the new airport at 1.6 million operations annually. That’s 1.6 million operations above and beyond O’Hare’s current 900,000. In contrast, the “quad runway” proposal for O’Hare will only provide new capacity for an additional 300,000 to 400,000 flights.

Based on forecast growth, the new O’Hare runways would be out of capacity in 5-10 years — necessitating the addition of a fifth and a sixth (and so on) parallel runway into O’Hare communities after the quad runway system was exhausted.

In sum, the new airport provides far more capacity at far less cost than expanding O’Hare.

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<sup>9</sup> See Exhibit 13.

- **The new airport creates far more opportunity for bringing in new competition and breaking the monopoly control of United and American over high business fares in the region.** The real heart of this controversy can be found by asking where the money is. American and United are currently able to overcharge Chicago area business travelers several hundred million dollars per year because of their dominance of the regional market — primarily for business travel<sup>10</sup>. Chicago has designed the proposed O’Hare expansion to funnel virtually all of the massive new traffic growth into a specially designed airport complex to perpetuate the dominance of American and United. Do the arithmetic. How is the expanded O’Hare design going to allow a major new hub competitor into the market? In contrast, the new South Suburban Airport will have plenty of capacity to allow major new competition to enter the region. That is why United and American and Chicago have a campaign to “Kill Peotone”.

**7. The So-Called “Compromise” Being Sponsored By The “Civic Committee” and by United and American Airlines — New Runways At O’Hare And A New “Airport” — Is A Bad Choice For The Region, The O’Hare Area Communities, and the South Suburbs.**

The Civic Committee has made much of its announced position that it “does not oppose a third airport” and that it would favor a “compromise” that would build both new O’Hare runways and a new airport. This is the same “compromise” plan being pushed by American and United.

But an examination of the details of the “compromise” reveals a far different picture.

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<sup>10</sup> United and American are able to charge very high premiums for business travel to major business destinations such as New York LaGuardia, Washington Reagan, Boston, Los Angeles, and San Francisco to the Chicago based “hub” traveler. In contrast, these same airlines compete with other hubs (e.g. Minneapolis, Detroit, Cleveland) for travelers from “spoke cities” such as Madison, WI and Grand Rapids, Michigan. Result: Chicago-based travelers getting on a United or American flight to a major business destination often pay a huge fare penalty as compared to a passenger from a “spoke” city connecting through O’Hare to the same destination. The State of Illinois estimates that the lack of competition for the Chicago-based traveler results in a several hundred million dollar monopoly fare penalty to Chicago-based travelers annually.

- The Civic Committee position is based on a report paid for by United Airlines and prepared by United's long-time consultant, Booz-Allen. The Booz-Allen report's central assumption is that virtually all of the traffic growth must be funneled into a vastly expanded O'Hare — and that O'Hare must be even further expanded in serial fashion far into the future (*i.e.*, a fifth and a sixth parallel runway).
- Under the Civic Committee, Booz-Allen, United Airlines "compromise", O'Hare will get quad runways and several hundred thousand more flights over O'Hare area communities. The third airport — if it gets any traffic at all — will get one thirtieth the traffic level proposed by the State of Illinois for the new airport. Further at the levels envisioned in the Booz Allen report, there will never be a Peotone. The trickle of traffic projected by Booz-Allen can be fit into a tiny airport at Gary.

With any expansion of O'Hare capacity, the economic viability of a new airport is called into serious question. With an expanded O'Hare it will be hard to justify building the South Suburban Airport. And even if a new airport is built, it will stand as a "white elephant on the prairie" — a subject of derision much as the current Mid-America Airport near St. Louis is ridiculed as standing empty while St. Louis expands its Lambert Field.

**8. The Tribune, Chicago, the airlines and the FAA are trying to stampede and steam roll a decision to build runways at O'Hare without allowing rigorous public examination of the issues.**

We are currently being deluged by a massive wave of hype — funded by the Fortress O'Hare airlines (American and United) — that claims that the central solution is a massive increase in capacity at O'Hare. Their hope is that this hype campaign will force the Governor of the State to break his promise to the State and our communities that he will not allow new runways to be constructed at O'Hare and that he would build the

South Suburban Airport. Their hope is that this rush to judgment will be made before they are forced to answer hard questions about their proposal.

Yet these airlines and their front organizations in the downtown business community<sup>11</sup> refuse to disclose a) exactly what their proposal for O'Hare expansion is, b) how much will it cost, c) how much capacity will it provide, d) how will it impact the current monopoly fare dominance of United and American, and d) what are the environmental and public health impacts on surrounding communities of their O'Hare expansion proposal.

Indeed, as we sit here today, neither the Tribune, the Sun-Times, Senator Durbin, Congressman Lipinski, nor the host of front organizations funded by United and American have told the public exactly what their plan for O'Hare is, what it will cost, what capacity will it provide, how it will impact the monopoly fare problem, and what is the environmental impact of the proposal on communities surrounding O'Hare.

Instead of facts we get hype. And when people like Senator Fitzgerald ask hard questions, the Tribune rolls another one of its thundering personal attacks on anyone who asks hard questions or asks for a public disclosure and debate — calling Senator Fitzgerald “a political panderer”.

The Tribune has been writing editorials day after day demanding that an immediate decision be made to build runways at O'Hare. Senator Durbin has said that there is a July 1 “deadline” for action by the governor on new O'Hare runways.

Ignored are the following:

- ◆ **Public Stonewalling.** The Civic Committee, the Tribune, Senator Durbin, the City of Chicago, and the airlines refuse: 1) to publicly disclose what their proposal is for new runways at O'Hare; or 2) to answer even the most basic

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<sup>11</sup> For example, the report used by one of the most prominent groups advocating O'Hare expansion (the “Civic Committee”) was paid for by United Airlines and was authored by United's long-time consultant, Booz-Allen. See Exhibit 14.

questions about the cost and impacts of their O'Hare expansion proposal as opposed to the alternative of a new regional airport. The Senate Committee should demand that they disclose their plans and answer these basic questions<sup>12</sup>.

- ◆ **The City of Chicago, the FAA and the Airlines are meeting behind closed doors (the so-called “Delay Task Force” to decide whether to recommend new runways at O'Hare — a recommendation which will have major adverse effects on O'Hare communities and on South Suburban hopes for a new airport.** Excluded from these meetings are the public, the press, representatives of impacted communities, and representatives of Senate President Philip and Congressman Hyde — two federal and state officials who represent the communities around O'Hare. Is this any way to make public policy decisions<sup>13</sup>?
- ◆ **The so-called “Delay Task Force” is really a “Capacity Enhancement Team” and is refusing to consider the South Suburban Airport as an alternative to adding capacity at O'Hare.** The Chicago/FAA “Delay Task Force” is really a “Capacity Enhancement Team” sponsored by the FAA. The Delay Task Force is meeting behind closed doors with the airlines as members. The Delay Task Force has announced that it will not consider a new airport as an alternative to adding runways at O'Hare. This means that the alternatives that the Delay Task Force will consider for adding capacity to the region (which is the same as reducing delays) are going to be limited to the choice between new O'Hare runways or new O'Hare runways.
- ◆ **“Delay Reduction” is another word for “Capacity Enhancement.”** What most people do not realize is that “reducing delays” automatically increases the capacity of the airport to handle more flights. FAA and the City of Chicago

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<sup>12</sup> The Daily Herald has asked similar questions. See Exhibit 15.

<sup>13</sup> See Daily Southtown editorial on this subject. See Exhibit 16.

define the capacity of the airport as the level of traffic that can be handled at acceptable levels of delay. Chicago defines this level as ten minutes average annual delay per aircraft operation. If Chicago and FAA reduce the delay level of existing traffic – say from 10 minutes per operation to 8 minutes per operation, that delay reduction automatically increases the number of operations that can be processed with a ten minute delay. Delay reduction and capacity enhancement are two sides of the same coin<sup>14</sup>.

**9. Delays at O’Hare are a Red-Herring.**

Neither a new regional airport nor new O’Hare runways will be available in the next five years. The real issue on delays is what to do with delays now and in the next five years. O’Hare needs to be given the same rigorous analysis that is currently underway at LaGuardia to match demand with the existing capacity at that airport. By matching demand and existing capacity, the current delays at O’Hare (and other similarly congested airports like LaGuardia) can be dramatically reduced. Once current delays are addressed by matching demand with existing capacity, we can engage in a rational debate and discussion about which alternatives (e.g. new airport or O’Hare expansion) should be implemented. The alternative selected should provide opportunities for long-term growth without repeating the growth/congestion/delay cycle now afflicting O’Hare and which will be repeated with any quad runway proposal for O’Hare.

**10. Proposals to strip and gut the Governors and Legislatures of 50 states of their ability to enforce state clean air, clean water, and public health laws as applied to proposed expansion of existing airports should be dead on arrival.**

Congressman Lipinski’s proposal (and similar proposals being attributed to Senators Harkin and Grassley) would prevent Massachusetts from protecting the citizens of Boston (new runway proposed at Logan Airport), prevent the State of New York from protecting citizens around LaGuardia from new runway proposals, prevent the State of

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<sup>14</sup> See Exhibits 4, 8, 10, 11.

California from protecting the natural resources of San Francisco Bay (new runway at SFO), prevent the State of Washington from enforcing Washington state environmental laws at Sea-Tac, and prevent the State of New Jersey from protecting the citizens around Newark. Indeed, Congressman Lipinski should know that this same legislation, if passed, would strip the power of the State of Illinois to protect the citizens around Midway from runway expansion at Midway. The proposal to gut state environmental and public health laws from airport development is both bad policy and bad law. It is likely unconstitutional as an improper federal intrusion on the basic state power to control and limit the delegation of state power to a state's political subdivisions.

These proposals to gut state law protections are bad policy for another reason. These proposals are all directed to promoting expansion of existing airports at the expense of looking at environmentally and economically desirable (*i.e.*, to bring in new competition) new airport construction. Nowhere do these proposals address the current gridlock on new airport development caused by Congress' bypassing the states and sending federal PFC money directly to the operators of existing airports.

**11. Your Senate Committee has stepped into a Hornet's nest of political corruption.**

Chicago wants to expand O'Hare and defeat a major new South Suburban Airport because Chicago wants to control the massive patronage dollars and opportunities for graft afforded by billions of federal dollars. The entire operation of O'Hare airport is permeated with the stench of corruption and kickbacks — what the Tribune calls “The Stench at O'Hare”. Multi-million dollar kickbacks to Mayor Daley's friends and associates are the order of the day.

The airlines and the downtown business community stand idly by and let this corruption continue because they either profit from it or are afraid. The airlines like it because they use their relationship with a corrupt city government to rip off hundreds of millions of dollars from the business travelers based in Chicago.



## **Conclusion**

Respectfully, we make the following recommendations to this committee:

1. Avoid any temptation to try to destroy state power over the state's political subdivisions and the state's power to protect its citizens through state environmental and public health laws.
  2. Adjust federal financial funding to provide at least a level playing field — and ideally actual positive incentives — to build new environmentally sound airports.
  3. Demand that the FAA take the “brick” off development of the South Suburban Airport and demand fast-track processing of the South Suburban Airport proposal.
  4. Demand that the FAA and Chicago and the State of Illinois put the details of all airport capacity proposals (be it South Suburban Airport, expanding O'Hare, Gary, or Rockford) on the table for public examination and debate. Do not tolerate back room deals behind closed doors.
  5. Develop federal policies that will break up the Fortress Hub system and force new competition into our region and similarly burdened Fortress Hub communities.
- The blatant geographic allocation of markets by the major airlines — and the resultant exorbitant fares charged to hub city business travelers — is a national disgrace.

## **Background of Joseph V. Karaganis**

Joseph V. Karaganis is a 1966 graduate of the University of Chicago Law School. Following law school he served as a law clerk to United States District Judge Hubert L. Will and as a Bigelow Teaching Fellow at the University of Chicago Law School.

Entering private practice in 1968, Mr. Karaganis soon became established as a nationally known expert in the then "new" field of environmental law. His practice is a unique combination of public governmental and private party representation. His public clients have included:

- The State of Illinois -- Mr. Karaganis served three Attorneys General of both political parties from 1969-1983 as a Special Assistant Illinois Attorney General representing the state in major environmental litigation – with a special emphasis on the clean-up of Lake Michigan. As an Assistant Attorney General he helped draft the Illinois Environmental Protection Act.
- LaSalle County, Illinois -- Mr. Karaganis served as a Special Assistant State's Attorney representing the County in a major hazardous waste controversy.
- The Suburban O'Hare Commission – For the last fifteen years, Mr. Karaganis has served as general counsel of an intergovernmental agency made up of municipalities impacted by aircraft noise and toxic air pollution from O'Hare airport.
- DuPage County, Illinois – Mr. Karaganis served as a Special Assistant State's Attorney representing the State and several school districts seeking damage recovery for aircraft noise interference. In that litigation, Mr. Karaganis successfully challenged Chicago's claim that Chicago's responsibility for aircraft noise damages to schools was limited to the funding available from federal grant funds and that the availability and quality of soundproofing was restricted to that allowed by federal grant regulations. The litigation established that

Chicago's liability to pay noise damages was based on state law independent of federal funds and independent of federal grant restrictions and that Chicago's liability was fully indemnified by the airlines using O'Hare. Result: Approximately 20 million dollars paid to local schools, which Chicago had claimed, were ineligible under federal grant regulations.

- Special counsel to Bensenville, Illinois – Mr. Karaganis successfully sued Chicago for discriminating in the dispensation of housing soundproofing funds – rewarding Chicago's political friends and punishing those communities who opposed O'Hare expansion.
- West Chicago, Illinois -- Mr. Karaganis has served and continues to serve as a Special Assistant City Counsel representing West Chicago in a major cleanup battle with Kerr-McGee Chemical Corporation over radioactive wastes in the City. After years of litigation, a settlement was reached with Kerr-McGee, which will produce one of the largest hazardous waste cleanups in the Nation.

Mr. Karaganis's most recent legal success came in December of 1998 when the Illinois Supreme Court, in the case of *People ex rel Birkett v. Chicago*, rejected Chicago's claim that Chicago could hide over 50,000 pages of hitherto secret documents regarding illegal O'Hare expansion. The Supreme Court accepted Mr. Karaganis's arguments (on behalf of the DuPage County State's Attorney) that there was no government "deliberative process" privilege that allowed a Chicago to hide evidence of wrongdoing.

Mr. Karaganis has represented a number of citizen and environmental organizations as well throughout his career. His representation has included:

- The Izaak Walton League – successful litigation against Commonwealth Edison to stop open discharge of heated cooling water from Quad Cities Nuclear Power Plant into Mississippi River. Suit resulted in commitment by Edison to halt further nuclear plant construction on Mississippi River.

- The Homestake Gold Mine Lead-Deadwood South Dakota – Mr. Karaganis successfully represented the “Save Centennial Valley Association” – a group of ranchers who fought a huge toxic mine tailings dam and impoundment that threatened the Valley’s groundwater.
- Lock & Dam 26 and the Upper Mississippi Wildlife Refuge – Mr. Karaganis represented the Sierra Club and the Izaak Walton League in a successful fight to stop lock and dam expansion on the Upper Mississippi without first obtaining Congress’s authorization.
- Tennessee-Tombigbee Waterway, Alabama and Mississippi – Mr. Karaganis represented Environmental Defense Fund in ultimately unsuccessful fight to halt construction of a water project that destroyed major wildlife resources.

Mr. Karaganis is President of Karaganis & White Ltd., a seven lawyer Chicago law firm. While the firm’s practice focuses on environmental law, the breadth of matters involved in Mr. Karaganis’s practice in state and federal courts have required him and his firm to develop expertise in a broad range of other substantive law areas, including constitutional law, federal court jurisdiction, administrative law, aviation law, and the law governing nuclear energy production.

Mr. Karaganis’s private practice — and that of his firm Karaganis & White — involves representation of private corporations, real estate developers, and entrepreneurs in a broad spectrum of environmental matters ranging from Superfund (CERCLA) remediation, CERCLA cost recovery, regulatory compliance with a host of federal and state regulatory programs, brownfield redevelopment, and corporate counseling.

## Chicago's definition of capacity

*The practical capacity of the airfield will be defined as the maximum level of average all-weather throughput achievable while maintaining an acceptable level of delay.*

\*\*\*

*Ten minutes per aircraft operation will be used as the maximum level of acceptable delay for the assessment of the existing airfield's capacity... **This level of delay represents an upper bound for acceptable delays at major hub airports...***

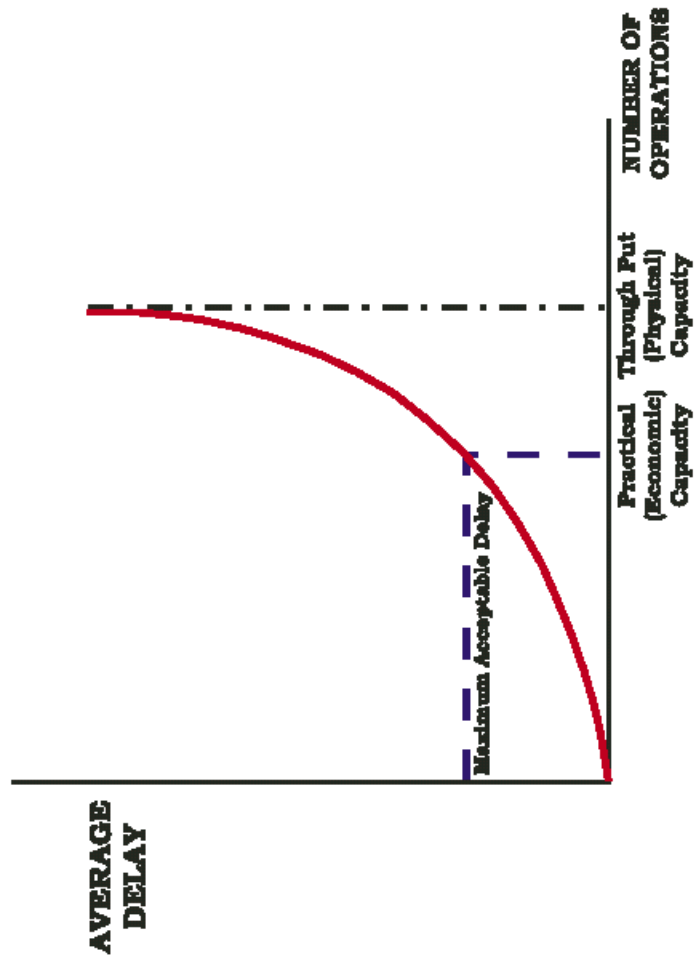
DOT in its High Density Rule Study (1995) listed the Average Annual All Weather (AAAW) delay for O'Hare as 11.8 minutes. To put that delay figure in a capacity context, consider the following statement in the DOT study:

Solutions to delay require capacity increases or demand reductions. ... [A]s a general rule of thumb, when the AAAW delay per operation reached 6 minutes, capacity improvements should be actively pursued. When the AAAW reached 8 minutes, implementation of capacity improvements should be underway.

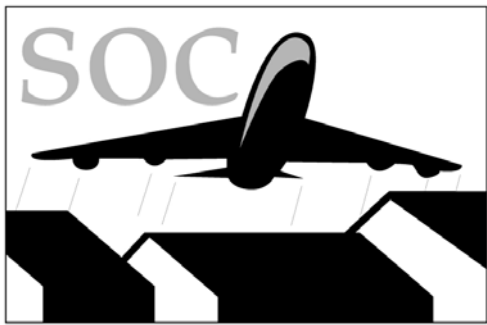
DOT High Density Rule Study, Technical Supplement #3 at  
D-2 emphasis added

# Capacity/Delay relationship

## RELATIONSHIP BETWEEN CAPACITY AND AVERAGE DELAY



Source: Airfield and Airspace Capacity/Delay  
Policy Analysis, FAA-AFC-31-14 (FAA,  
December 1981), p.11



## **Suburban O'Hare Commission**

**QUESTIONS  
THE TRIBUNE,  
THE CIVIC COMMITTEE,  
THE FORTRESS O'HARE AIRLINES (AMERICAN AND UNITED),  
SENATOR DURBIN  
AND CONGRESSMAN LIPINSKI  
DON'T WANT TO ANSWER**

**June 10, 2001**



In recent weeks, the O'Hare airlines and the City of Chicago public relations machine has unleashed a public relations deluge calling for a "reconfiguration" of runways at O'Hare. The downtown papers — the Tribune and the Sun-Times — have thundered mightily with repeated editorials stating that new runways at O'Hare are a "done deal" and suggesting that Governor Ryan will break his campaign promise to ban new O'Hare runways.

A downtown business group called the "Civic Committee" (allied with United and American Airlines) — as well as Senator Durbin and Congressman Lipinski — have all been given major coverage in their calls for "reconfiguration" of O'Hare runways.

To his credit, Governor Ryan has repeatedly reaffirmed his promise to our communities to ban new O'Hare runways. And the Governor and IDOT Secretary Kirk Brown have repeatedly asked questions with which our communities agree. What are the details of the so-called plans for "reconfiguration" at O'Hare and what will be the impact of this reconfiguration on O'Hare area communities, the south suburbs' hopes for a new regional airport, and on the problem of high fares due to monopoly dominance by American and United — and a host of other questions relating to the choice of where to put new airport capacity in the region.

Neither the Civic Committee, the airlines, the City of Chicago, or Senator Durbin or Congressman Lipinski is willing to publicly disclose any of the details of the still secret plan for "reconfiguration" of O'Hare runways. Apparently these drawings and plans have been disclosed in a series of closed door meetings between the City of Chicago and the airlines and the Civic Committee, the Tribune, the Sun-Times, Senator Durbin, and Congressman Lipinski.

Yet none of them are willing to tell the public and the communities impacted by the secret "reconfiguration" plan the details of the secret plan. Nor are they willing to answer serious questions about these reconfiguration plans, the impacts of these plans and alternatives to these plans. Here are some of the questions the Civic Committee, the airlines, the City of Chicago, or Senator Durbin or Congressman Lipinski don't want to be asked and questions they won't answer.

- **Where are the plans or drawings showing the new "reconfiguration" of runways that the Tribune, the Civic Committee, the airlines, Senator Durbin and Congressman Lipinski say they want at O'Hare? Where are the new runways located? How many new runways?**
- **How much new capacity is needed in the region between now and 2020?**
- **How much new capacity will be produced by the O'Hare "reconfiguration" plan promoted by the Tribune and United and American and the Civic Committee vs. the 6-runway south suburban airport?**
- **What is the future demand for air traffic in the region and how will one runway at O'Hare address that future demand? How will two runways at O'Hare satisfy that future demand? Where are the demand-capacity studies on which the Civic Committee bases its claims?**

- How much of future demand will be stuffed into the “reconfigured” O’Hare; when will O’Hare’s “reconfigured” capacity be exhausted; and once exhausted where do we go from there?
- What terminal and surface road access facilities are needed for O’Hare to accommodate the growth projected by the Civic Committee and to match the capacity provided by the new runway or runways?
- How much will it cost to add new runway and associated terminal capacity at O’Hare vs. at a new south suburban airport?
- How will new construction at either an O’Hare \$10-15 billion dollar expansion or a \$4-5 billion dollar new airport be financed?
- How fast can new runway capacity be built at O’Hare vs. a new airport?
- What are the environmental and public health costs of the various alternatives — i.e., an expanded O’Hare vs. a new south suburban airport?
- What is the legal power of Congress to compel Chicago or the State of Illinois to build new runways at O’Hare or build a new airport at Peotone?
- When will Midway be out of capacity?
- Does Congressman Lipinski’s proposed federal legislation attempting to strip states of their power enforce state laws to protect their citizens from runway expansion mean that he is willing to strip such protection from Midway area residents when proposals are made to expand Midway runways or build new runways at Midway?
- Is there a monopoly air fare problem currently at O’Hare whereby United and American charge Chicago area travelers — particularly business travelers — more than would be charged if there were significant competition in the region?
- If there is such a monopoly fare problem at O’Hare, what is the annual cost of this problem to Chicago area travelers on an annual basis?
- How much of the region’s traffic growth will be captured by United and American if the expansion of the region’s air traffic capacity takes place at O’Hare vs. if the expansion takes place at a new regional airport?
- How is the design of the new O’Hare terminal expansion program (a/k/a World Gateway) designed to promote the entry of significant new hub competition (e.g., Northwest, Delta, Continental, new carrier) into the region?
- What are the effects on competition and the problem of the Fortress O’Hare monopoly fares by putting new capacity at a “reconfigured” O’Hare vs. a new south suburban airport?
- Who is Booz-Allen and who funded the economic studies performed by Booz-Allen on which the Civic Committee makes its claims for new runways at O’Hare? Has not Booz-Allen been a long-time business consultant for United

**Airlines? Did not United Airlines contribute significant funds for the Booz-Allen study which is the basis of the Civic Committee's claims?**

- **Based on the Civic Committee's demand forecast how soon will demand for air traffic at O'Hare exceed the capacity of a single new runway (2005, 2010, 2015)? How soon will demand exceed the capacity of a second O'Hare runway? Once the capacity of the second runway is exhausted, what do we do then — build even more O'Hare runways?**
- **Under the Civic Committee/Booz-Allen/United Airlines proposal how much of the region's future traffic growth (in passengers and annual operations) will go to O'Hare vs. the so-called "point-to-point" airport at Peotone or Gary — with one runway at O'Hare; with two new runways at O'Hare?**
- **What is the cost of "reconfiguring O'Hare" to add one or two parallel runways? What are the associated costs for new terminals, associated road access, and mitigation costs for the increased noise that would exist as compared to an O'Hare which was not expanded?**
- **How will the costs of expanding the terminals, roadways, and runways for O'Hare expansion be financed?**
- **Does the Civic Committee challenge the State DOT's estimate of the costs associated with the new south suburban airport? If so, what is the Civic Committee's estimate of the cost of the South Suburban Airport and provide the basis for that estimate.**
- **How fast can new runways and associated terminal and roadway components be constructed at O'Hare? How fast can these elements be constructed at the new regional airport?**
- **How many additional annual flights at O'Hare will be needed to accommodate the forecast increase in demand to the year 2020?**
- **How many O'Hare area homes will suffer unacceptable noise exposure by these additional flights vs. the number of O'Hare area homes that would experience unacceptable levels of noise if the traffic growth was sent to a new regional airport with an adequate environmental buffer?**
- **Does the Civic Committee agree or disagree with the claim that noise levels from aircraft operations that are above government recommended levels cause a decline in residential property values as compared to similar homes that do not experience levels of aircraft noise in excess of government recommended levels?**
- **What are the amounts and types of toxic air pollution emitted by operations at O'Hare airport? Do the Civic Committee and the Tribune and Senator Durbin agree with the figures released by Chicago's consultant that show that at current levels of traffic, O'Hare is the largest emitter of toxic and hazardous pollutants in the State of Illinois — far more than any other industrial source? If not, what are their figures?**

- **Do the Civic Committee and the Tribune and Senator Durbin agree or disagree with the findings of the air toxics study by a nationally known public health consultant, Environ, showing that downwind of O'Hare in residential communities like Des Plaines and Park Ridge, O'Hare toxic emissions cause an increase health risk up to five times recommended health protective levels? If they disagree, where are their data and analyses on the transport of air toxics from O'Hare to downwind residential communities and the resultant health risk from O'Hare toxic emissions in those communities.**
- **What will be the amount of air toxic emissions at O'Hare if future demand is accommodated by an expansion of O'Hare vs. a new South Suburban Airport with an environmental buffer? What will the concentrations of O'Hare toxic emissions and the resultant health risk in downwind O'Hare area communities if future demand is accommodated by an expansion of O'Hare vs. a new South Suburban Airport with an environmental buffer?**
- **Do the Civic Committee and Senator Durbin agree with the Tribune Editorial Board that there is a "Stench at O'Hare" and that the management of airport contracts has been part of what that same Tribune Editorial Board refers to as a "culture of sleaze"? If the Civic Committee and Senator Durbin do not agree, why not? If the Civic Committee and Senator Durbin do agree, how can they propose shoveling billions more in public funds to expand United and American's monopoly at O'Hare while giving the "culture of sleaze" at O'Hare billions more with which to play?**
- **Whether the choice be an O'Hare expansion or a new south suburban airport, it is clear that the governmental framework for making and implementing these multi-billion dollar decisions needs to be cleaned up and aired out. What's the Civic Committee's and Senator Durbin's answer? Are the Civic Committee and Senator Durbin advocating a "back room" deal like the Rosemont Casino — only on a much grander multi-billion dollar scale to carve up the pork? Are they proposing that a "backroom deal" be made before giving the impacted communities and their residents a chance to be heard at public hearings on the alternatives?**
- **What do the Civic Committee and Senator Durbin propose to address the current delay crisis at O'Hare. We both know that whatever the decision is — either new runways at O'Hare or a new airport — these facilities will not be in place to address the delay problem faced by O'Hare currently or the delay problem it will face this Summer or over the next several years. What are the Civic Committee's and Senator Durbin's proposals for addressing this immediate and near term delay problem?**

**A GENERATION OF DECEIT — Chicago's Deception Of The Public, Press, Federal And State Courts, State Legislature And Congress — Chicago's Guerilla War Continues.**

- Chicago lied to the public and the press in a 1983 Environmental Impact Statement when it said it had abandoned plans for new runways at O'Hare because of the adverse environmental impact the additional flights would have on surrounding communities. While it made this statement to the public, Chicago was secretly planning new runways at O'Hare.
- Chicago lied to the federal courts in 1986 when it said that it had no plans for new runways. At that very time, Chicago was planning new runways at O'Hare.
- Chicago lied in 1990 to the O'Hare communities, the DuPage County Regional Planning Commission, and the Northeastern Illinois Planning Commission when it said that Chicago would be preparing a Master Plan Update to examine all alternatives for adding capacity in the region. That same year Chicago officials secretly met with United Air Lines officials to discuss the new Master Plan. Chicago and United officials agreed that a new Master Plan was needed but decided to do a secret Master Plan with the express purpose of limiting public participation, in particular hiding the master plan from the Suburban O'Hare Commission.
- Chicago lied to the public in 1991 when it said it was proposing new O'Hare runways "to reduce delays" and not for additional new flights. Chicago's consultants told Chicago that the "delay reduction" runways actually would increase capacity and add more flights.
- Chicago and the airlines lied to the Illinois General Assembly in 1995-96 when they told the General Assembly that the Chicago area airports had plenty of capacity and that there was no need to add capacity at either O'Hare or at a new airport.
- Chicago lied to the House Judiciary Committee in 2000 when it told Chairman Henry Hyde and the Congress that Chicago and O'Hare had plenty of capacity without any need for new runways or a new airport.
- Chicago lied to the Illinois House Aviation Committee in April and May of this year when it said O'Hare had sufficient capacity for several additional years when Chicago knows O'Hare is out of capacity.
- Chicago lied when it told the press and the public that Chicago was not actively opposing the new South Suburban airport when Chicago was actually working in collusion with United Airlines to "Kill Peotone" and to stop major new competition from entering the region.
- Chicago lied about: The demand for airport services (Chicago has generated internal forecasts very similar to the State of Illinois), O'Hare capacity (By Chicago's own definition of capacity, O'Hare is out of capacity now and has been for several years), and it continues to lie about demand and capacity for the region and O'Hare
- Chicago continues to lie about the fact that its multi-billion dollar "World Gateway" Terminal project is part of a larger "Integrated Airport Plan" that includes new quad runways. Chicago's own consultants have told Chicago that without new runways, O'Hare does not need new terminals.
- Chicago has clearly shared the details of its quad runway O'Hare "reconfiguration" (integrated Airport Plan) with the airlines and the Civic Committee — but neither Chicago, the airlines or the Civic Committee are willing to give the public and the media the details of the plan.

**Chicago's "Terrible Dilemma" And Its Top Consultant's Admission That The Chicago Was Waging A "Guerrilla War" Against A New Airport**

The following is from an internal memo in which Chicago's lead airport consultant over the past 40 years details why the city had to argue that no new air capacity was needed in the Chicago area, knowing it was a lie, and the resulting "Guerrilla War" it waged against the new regional airport

When IDOT conducted its "Third Airport Study" in the late 1980s, it was positioned as an alternative to further development of the ORD airfield. At the time, Mayor Washington's DOA was paralyzed by a **terrible dilemma**.

On the one hand, the City recognized that **additional airfield capacity would someday be needed in the Chicago Region**.

There were **only three** possibilities for providing that additional capacity: **new runways at ORD**; new runways at MDW **or a third airport**.

On the other hand, the City recognized that new runways at MDW were impractical and **was unwilling to incur the political heat that would accrue to any suggestion that new runways were being considered at either ORD or MDW**.

**Thus the City was forced to argue that new capacity was not and would not ever, in the foreseeable future, be required in the Chicago Region.**

**The City did manage, by waging this argument, to stall any serious plans for a third airport outside the city limits.**

**Ultimately, after Mayor Daley took office, the City recanted on the ultimate need for new airfield capacity in the Chicago Region and proposed a MDW replacement airport at Lake Calumet.**

The effort to demonstrate feasibility of this concept lasted about two years and **succeeded again in preventing IDOT from making any meaningful progress toward developing a new airport in a suburban location**.

**Thus, the City has conducted a protracted but successful Guerrilla war against the state forces** that would usurp control of the City's airports by launching development of a new airport in the Southwest suburbs and creating a Regional Airports Authority responsible for the third airport development and for operation and maintenance of ORD and MDW.<sup>1</sup>

Statement in 1993 by Chicago's Chief Airport Consultant  
for the Past 40 years

So Mayor Richard M. Daley (pre-Lake Calumet) falsely claimed that no new capacity was needed in the region. Then he flip-flopped and admitted that new airport capacity was needed. Then Mayor Daley flip-flopped again when Lake Calumet failed and now continues to claim that no new airport capacity is needed. His chief consultant knew Chicago was lying in 1993 and Chicago knows it is lying today.

Chicago is continuing its "guerilla war" against the economic welfare of the region by fighting the construction of the new regional airport capacity the region needs and by secretly planning massive new runway expansion at O'Hare.

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<sup>1</sup> Exhibit C 76 (underlined emphasis in original, boldfaced emphasis added).

**Deceiving The Public By Claiming The New Runways Are For Delay Reduction when Chicago Knew That New Runways Mean Additional Flights.**

Chicago and the airlines have tried to argue that new runways are needed to reduce delays and are not intended to increase the capacity and the number of aircraft operations. Chicago even went so far as to rename a “capacity enhancement” study Chicago was conducting from 1988-1991 as a “Delay Task Force Study”.

Yet internal contract documents show that the “Delay Task Force” effort was really a “Capacity Enhancement Plan” that would increase O’Hare’s flight capacity by several hundred thousand flights per year. See Evidentiary Appendix at p. 21 and See Exhibit 260.

In March 1993, Chicago own consultants warned Chicago officials that claiming that new runways were only for delay reduction was not truthful. The consultants told Chicago that the new runways were also intended for increasing the number of flights.

Development of a new O’Hare runway(s) is certain to be controversial. Accordingly, it is imperative that the City do everything possible to present its case for the new runway(s) such that the probability of a successful outcome is maximized.

\*\*\*

During internal strategy discussions to date, the City has recognized two possible alternative ways in which to characterize the purpose and need for new runway development at O’Hare: delay reduction or capacity enhancement.

\*\*\*

**[C]apacity enhancement is a more accurate characterization of what the City really intends to seek.**

\*\*\*

The City’s real intentions in building a new runway(s) at O’Hare include both delay reduction and capacity enhancement.

\*\*\*

The net effect of this will be that the Airport will accommodate **more annual operations** than either it is accommodating today **or than it could accommodate in the future without new runways.**

\*\*\*

**To the suburbanite living near the airport, providing capability to handle more annual operations is *capacity enhancement pure and simple.***

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Further, the City **appears to be avoiding the issue** by only developing a plan to address aviation needs through the year 2005.<sup>1</sup>

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<sup>1</sup> Exhibit C 89 (underlined and italicized emphasis in original, boldfaced emphasis added).

## **Hiding the New O'Hare Master Plan From the Public**

In 1990 Chicago lied to the O'Hare communities, the DuPage County Regional Planning Commission, and the Northeastern Illinois Planning Commission when it told these organizations that Chicago would be preparing a Master Plan Update to examine all alternatives for adding capacity in the region.

***Public participation is inherent in the planning process....*** As part of the public participation that will occur in connection with the master plan, the City of Chicago will report periodically to the O'Hare Advisory Committee. Consistent with OAC's role as an advisory body, the City of Chicago expects that the OAC will provide its views in the master planning process. ***The City of Chicago will seek and welcome the OAC's comments along with those from other public and private parties affected by O'Hare.***

Chicago Aviation Commissioner Jay Franke  
January 9, 1990

That same year Chicago officials secretly met with United Air Lines officials to discuss the new Master Plan. They (Chicago and United officials) all agreed that a new Master Plan was needed but decided to do a secret Master Plan with the express purpose of limiting public participation — and in particular hiding the master plan from the Suburban O'Hare Commission.

Yesterday, at their request, I met with Franke, Loney, and Freidheim, here at EXO [United Executive Headquarters] to discuss a potpourri of O'Hare Planning Issues. Attached is a list of projects, developed by Kitty's staff enumerating projects that might be included in an ODP-II.

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***We agreed that a Master Plan was necessary*** but Franke and Freidheim are very concerned that a formal FAA sponsored Plan ***would require significant public participation, (specifically SOC).***<sup>1</sup>

To shorten the planning process I thought the airlines might agree to fund the ***Master Plan without FAA money*** to ***limit outside participation*** prior to preparing the E.I.S.

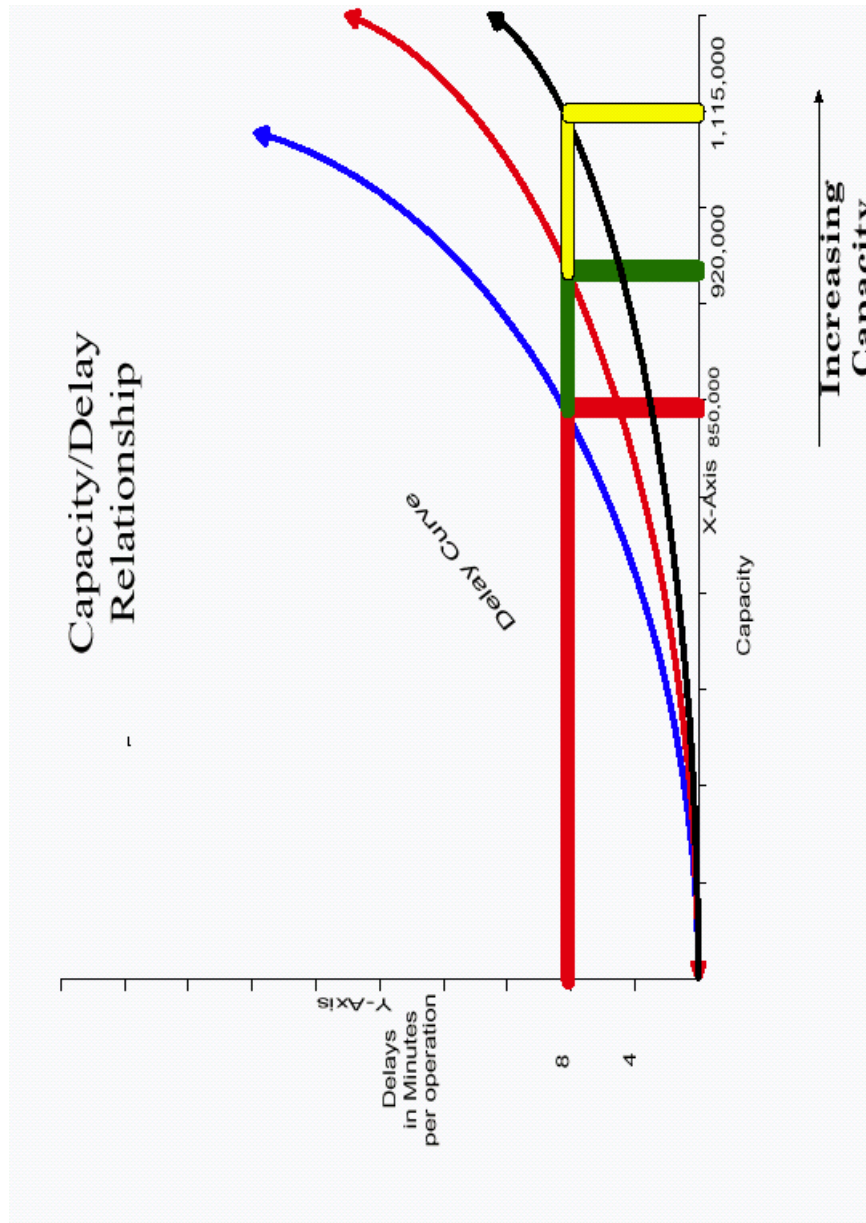
Chicago and the O'Hare Airlines then proceeded to prepare a secret multi-million dollar Master Plan for expansion of O'Hare. They attempted to disguise the Master Plan by giving the Master Plan a series of aliases ("Airport Layout Plan Update"; Global Hub Implementation Plan; and finally "Integrated Airport Plan".

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<sup>1</sup> The "SOC" referred to here is the "Suburban O'Hare Commission."

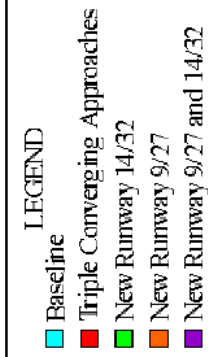
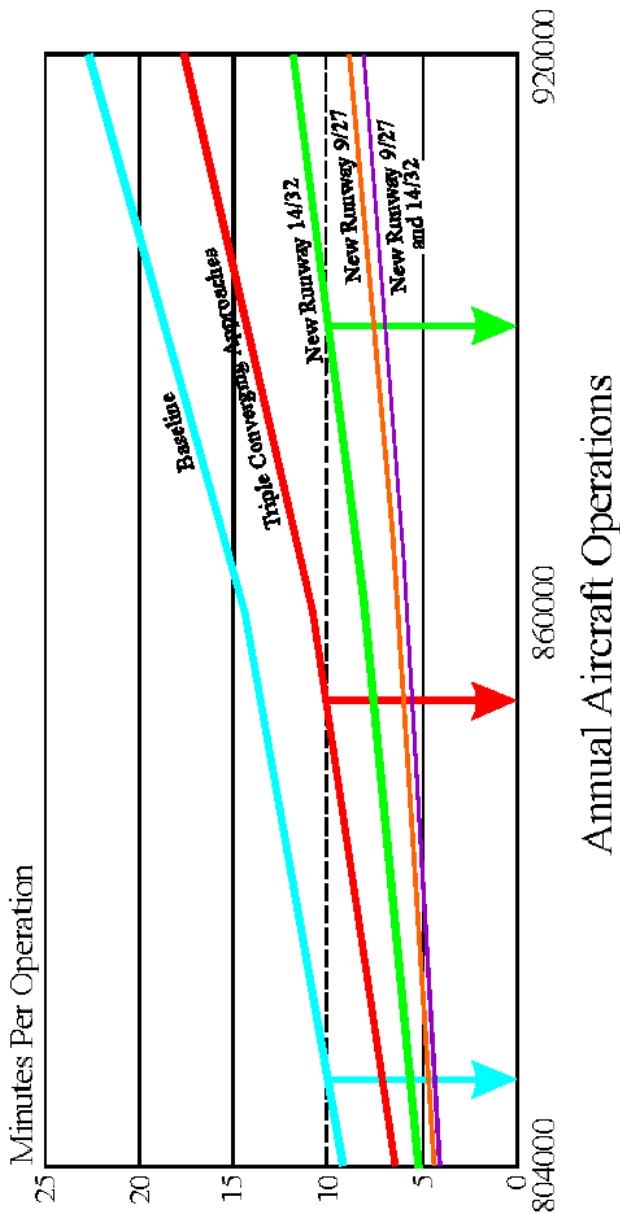


# Relationship between delay reduction and capacity increases



# Relationship between delay reduction and capacity increases

## Average Delay Per Operation



Source: Chicago Delay Task Force Study

## The Analytical Framework That Governs Airport Decision Making.

In order to understand the evidence in this case, it is useful to further summarize the analytical framework that governs decision-making about airport expansion. This framework is discussed extensively in the Evidentiary Appendix in the chronological narrative, but a more concise outline may be helpful.

**1. Demand vs. capacity.** Airport expansion is governed by two simple concepts: forecast passenger and traffic demand vs. calculation of the capacity of the airport.

**2. Does existing or forecast demand exceed the capacity of the airport?** If demand exceeds capacity then expansion of the airport — or as an alternative construction of another airport — is needed.

**3. The forecast demand drives the entire analysis.** Central to the decision whether to expand an airport — and central to any disputes as to whether facilities such as runways are needed — is the Demand Forecast. The Demand Forecast drive the entire analysis: The Aviation Demand Forecast serves as the foundation for planning future airside, terminal and landside facilities.<sup>1</sup>

Thus Demand Forecast is computed as both number of passengers and number of aircraft operations and is then used to compare demand with the capacities of the airside, the terminals and the landside.

**4. Measure of airfield capacity.** Airfield capacity is defined by the number of operations that can be handled at an acceptable level of delay.

The practical capacity of the airfield will be defined as the maximum level of average all-weather throughput achievable while maintaining an acceptable level of delay. \* \* \* Ten minutes per aircraft operation will be used as the maximum level of acceptable delay for the assessment of the existing airfield's capacity... This level of delay represents an upper bound for acceptable delays at major hub airports. . . . .<sup>2</sup>

Airfield capacity analysis is typically done — and was done here by Chicago — with and FAA capacity/delay computer model called SIMMOD.<sup>3</sup>

**5. Long-term planning.** Long-term planning of airport needs is typically done in a master planning process<sup>4</sup> that “integrates” the capacity and needs of the three major airport components — airside, landside, and terminal.

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<sup>1</sup> Plaintiffs Exhibit C70.

<sup>2</sup> Plaintiffs Exhibit MP4, p. II-1 (underscore emphasis added).

<sup>3</sup> While most of the reports are in evidence to prove that the capacity analysis was performed, two of the SIMMOD reports show that current levels of traffic delays exceed the level of delay which Chicago has defined as the capacity at O'Hare. See Plaintiffs Exhibit S4, Bates No. OH/DU 0097476, and Plaintiffs Exhibit S17, Bates No. OH/DU 002855.

Mr. Ursery stated that it is necessary to integrate and balance the three components (airfield, terminal, and ground access) . . . .<sup>5</sup>

\* \* \* \* \*

The key to implementing the comprehensive plan will be to balance the capacities of all three main elements: airside, terminal, and landside in each phase and to match demand with capacity as Chicago's O'Hare International Airport moves into the 21<sup>st</sup> century.<sup>6</sup>

Applying this framework to Chicago's current long-term planning, it clear demand already exceeds the runway capacity at O'Hare. One does not need the FAA's SIMMOD model to know that O'Hare's runways are choking on too much traffic. Either new runways are needed at O'Hare or a new airport needs to be built.

These facts are confirmed by Chicago's own demand capacity analysis. As discussed above, Chicago's SIMMOD capacity analysis shows that O'Hare operations already exceed the delay levels which Chicago has defined as the capacity of the airport.

Even if one accepts the unsupported claim in Chicago's documents that O'Hare has a capacity of 946,000 operations,<sup>7</sup> Chicago's own demand forecast says that demand at O'Hare will exceed the 946,000 operation capacity in approximately the year 2007<sup>8</sup> —

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<sup>4</sup> Because Chicago has not wanted to involve the public in the master planning process, Chicago has disguised the Master Plan process with a series of euphemistic names such as "Global Hub Feasibility Study," "O'Hare Beyond 2000," and most recently, the "Integrated Airport Plan."

<sup>5</sup> Plaintiffs Exhibit C82 (underscore emphasis added) .

<sup>6</sup> Plaintiffs Exhibit C114 (underscore emphasis added). For evidence of the integration of airside, landside and terminal elements, *see*: Plaintiffs Exhibit C95A ("[T]he planning team should focus its attention on integrating the airfield, terminal, and ground access elements of the most viable plan."); Plaintiffs Exhibit C49 ("Using the short-list of airport component alternatives, a series of integrated airport facility concepts will be developed."); Plaintiffs Exhibit C44 ("Our key technical role will be in the airside simulation/planning, ALP preparation (integration of the landside/terminal work with the airside)"); Plaintiffs Exhibit C70 ("L&B will coordinate with the landside/terminal contractors to integrate terminal and roadway concepts with each airfield concept."); Plaintiffs Exhibit C82 ("Mr. Ursery stated that it is necessary to integrate and balance the three components (airfield, terminal, and ground access)"); Plaintiffs Exhibit C209 ("The plan must not forego long-term requirements for the sake of short-term success; therefore it must not be developed in a vacuum. The program must view the airport as a single integrated system.") (Underscore emphasis throughout added.) *See also* Plaintiffs Exhibits C55, C56, C60, C61, C62, C70, C74, C80, C89, C90, C133, and C138 for references to the need for an integration of the components of the airport.

<sup>7</sup> Plaintiffs Exhibits C156 and C158.

<sup>8</sup> Plaintiffs Exhibit C203, Bates No. OH/KF020806. Plaintiffs emphasize that even the 2007 figure is based on Thomas's claim that the capacity of O'Hare is 946,000 operations if and only if certain as yet to be achieved ATC technologies come into being. Compare the Chicago Demand Forecast of June 1998 (C 223)(which Chicago says is the

about the same time Chicago is completing construction of the 5 billion dollars worth of terminal and road expansion.

Indeed, Chicago's own experts have repeatedly stated that there is sufficient existing terminal capacity — the current capacity shortfall is in the need for new runways and roads.

The terminal operation must balance as equally as possible with airside capacity. At the present time the terminal appears to be somewhat overbuilt because the utilization of the airfield is maximized all through an average day at O'Hare and many terminal gates are underutilized (based on either annual passenger throughput or aircraft operations per gate as compared to other U.S. domestic hub airports).

In a balanced operational scenario, additional airfield capacity could provide the impetus for more terminal facilities. If no additional airside capacity is provided, there should be no need for additional terminal facilities.<sup>9</sup>

\* \* \* \* \*

A comprehensive planning effort [Master Plan Update] was recently undertaken to provide for O'Hare's future and to attempt to bring the capacities of the key Airport components into balance with one another. \* \* \* Of the three main components [Airside, Landside, Terminal] at the Airport, only the passenger terminals have any spare capacity today and this surplus is found primarily at one location at Terminal 2.<sup>10</sup>

\* \* \* \* \*

While the \$2 billion ODP, begun in 1981 and just now reaching completion, provided modern, state-of-the-art terminal facilities, including the world-class International Terminal, it did not provide additional runway or access roadway capacity, the two current constraining elements of the O'Hare airport system.<sup>11</sup>

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forecast demand used to design the World Gateway Program) with Landrum & Brown's Jeff Thomas capacity forecast of 946,000 operations. (C 155, EA at 114). According to these documents — which are optimistic — O'Hare runs out of runway capacity by 2007.

Thus the timing of the runways in the Integrated Airport Plan as after the year 2012 is a sham — whether one accepts the reality that O'Hare is out of capacity now (as do the airlines) or whether one accepts Chicago's year 2007 figure.

<sup>9</sup> Plaintiffs Exhibit C91 (italic emphasis added) .

<sup>10</sup> Plaintiffs Exhibit C114 ( italic emphasis added).

<sup>11</sup> Plaintiffs Exhibit C157 ( italic emphasis added).

What this analytical framework and this evidence demonstrates (along with the explicit evidence on the Integrated Airport Plan<sup>12</sup>) is that the real current capacity constraints at O'Hare are the runways and the roads — not terminals. Everyone — except Chicago — now agrees that O'Hare is out of runway capacity<sup>13</sup>. The only two choices are either new runways at O'Hare (Chicago's secret choice) or a new airport. Chicago should not be allowed to segment pieces of the Integrated Airport Plan — putting forward only the terminal and roadway segments while hiding the need for runways (or a new airport) from the state permitting process and public debate.

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<sup>12</sup> Evidentiary Appendix pp. 137-47.

<sup>13</sup> Even the airlines — through their consultant Booz-Allen — now agree that O'Hare is out of runway capacity. The airlines and their consultant Booz-Allen have recently candidly admitted what Plaintiffs and others have been saying for some time — O'Hare is out of runway capacity now. Booz-Allen now says: "The timing for adding new runway capacity [at O'Hare] will have to be accelerated significantly." C 256a EA at 148

## Comparison of Hazardous Air Pollutants from O'Hare International Airport with Largest Reported Sources of Recognized Carcinogens to Air in Illinois\*

Rank	Facility Name	TPY
1.	<b>O'Hare International Airport</b> (HAPs per KM Chng)	<b>346.75</b>
2.	No-Sag Foam Products Corp. (West Chicago)	283.62
3.	General Foam Corp. (Bridgeview)	241.97
4.	GE Co. (Ottawa)	219.45
5.	Burkhart Foam, Inc. (Cairo)	209.38
6.	Senior Flexonics, Inc. (Bartlett)	140.63
7.	Remline Co. (Yorkville)	129.07
8.	Cerro Copper Products Co. (Sauget)	118.10
9.	Dow Chemical (Channahon)	106.66
10.	Abbott Labs (North Chicago)	97.40
11.	Solutia, Inc. (Cahokia)	75.65
12.	Shell Wood River Refining (Roxana)	70.25
21.	Borden Chemicals & Plastic (Illioplis)	33.78
31.	BF Goodrich Co. (Henry)	21.19
34.	Koppers Ind., Inc. (Cicero)	18.19
41.	Amoco Chemical Co. (Shannahon)	15.14
51.	Marathon Ashland Petroleum L.L.C. (Robinson)	11.67
66.	Clark Refining & Marketing, Inc. (Blue Island)	8.43
70.	PDV Midwest Refining L.L.C. (Lemont)	7.68
84.	Chrysler Corp. (Belvidere)	6.80
88.	Kerr-McGee Chemical L.L.C. (Madison)	6.54
89.	Chemical Processing, Inc. (Rockford)	6.51
94.	Acme Finishing Co., Inc. (Elk Grove Village)	6.11

\* Source (other than O'Hare International Airport): Environmental Defense Scorecard Pollution Ranking Database (<http://www.scorecard.org>). Emission levels are of recognized carcinogens to air, as reported by the listed companies in their Toxic Release Inventory (TRI) reports, required to be reported annually under Section 313 of the Emergency Planning and Community Right-to-Know Act (EPCRA), 42 U.S.C. § 11023, and retained in the U.S. EPA TRI Database.

## **The Civic Committee/Booz-Allen/United Airlines/Oscar D'Angelo/Gary Chico connection.**

The Civic Committee's call for new runways at O'Hare is purportedly based on an economic study of the airport needs of the region performed by the firm of Booz-Allen & Hamilton.

What most people don't realize is that Booz-Allen is a consultant to United Airlines and that United Airlines paid for the Booz-Allen Study. Nor do people realize the role of confidential mayoral advisor Oscar D'Angelo and Gary Chico, United's lawyer and former Chief of Staff to Mayor Daley, in shaping the outcome of the study.

On February 4, 1998, Gerald Greenwald CEO of United airlines wrote Mayor Daley:

***We also spearheaded the effort at the ATA to have the entire airline industry express its views to the Governor.***

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***We have retained Booz, Allen & Hamilton to conduct a study*** reflecting the value of the entire existing Chicago airport system; the significance of O'Hare as a "hub" airport; the capacity of the existing system and the needs of the community for the foreseeable future; and the impact that a third airport would have on the system.

See Evidentiary Appendix at 137

Oscar D'Angelo is a reported confidante of Mayor Daley, and according to the Chicago Tribune, is the beneficiary of a contract with Landrum & Brown which pays D'Angelo large sums of money for serving as Landrum & Brown's liaison with the Mayor. A May 28, 1998 memo from Goldberg of Landrum & Brown to Oscar D'Angelo relates a meeting between D'Angelo (Landrum & Brown's agent) and Gary Chico (lawyer for United) on May 26, 1998. The memo suggested that Booz-Allen knew in 1998 that runway capacity at O'Hare was or would soon be exhausted and that new runways would be needed much sooner.

I am pleased that you were able to meet with Gerry Chico this morning regarding the release of the Booz-Allen & Hamilton (BA&H) report of Chicago Airport System demand and capacity. I understand that ***you successfully convinced him*** that the ***City would best be served if the BA&H study did not reference the need for additional runways.*** Instead the Study might suggest that the region's aviation needs could well be served through the reasonably foreseeable future by means of a modernization program that considers the use of new technology and ***the eventual reconfiguration of the Airport's forty year old runway geometry.***

Oscar D'Angelo is apparently the conduit between Landrum & Brown and Mayor Daley on the "quad runway" reconfiguration plan. See EA at pp. 130-132.

After the first Booz-Allen report — paid for by United — Booz-Allen did a supplemental report, now asserting that runways should be built as soon as possible. The supplemental Booz-Allen report did nothing to change the economic analysis of the first Booz-Allen report which claimed that virtually all growth must go to O'Hare. In summary, the entire Booz-Allen economic rationale of the Civic Committee's proposal is based upon a report bought and paid for by United airlines. And Booz-Allen's views are in turn shaped by back room communications between Gary Chico and Oscar D'Angelo.



# Daily Herald

May 25, 2001

## Don't rush to OK unseen O'Hare plans

### Our view

**The public has seen no maps. No environmental impact studies. No cost estimates. No timetables for construction.**

Last week, there was talk of cutting a legislative deal on O'Hare International Airport by the time lawmakers adjourn this week. Then Sen. Dick Durbin declared that Gov. George Ryan and Mayor Richard M. Daley have until July 1 to reach an agreement on runways – or else Congress will step in and impose its will.

Whoa; let's slow down a minute.

That pressure is building to do something about Chicago's airport capacity is no surprise. Delays at O'Hare cause flights to back up across the country, wasting travelers' precious time and imposing a high cost on commerce. Outside pressure of some sort probably was necessary to break the long-standing impasse between Republican governors, who have opposed runways and favored construction of a third major airport, and Daley, who opposes construction of any airport the city doesn't control and presumably has long been in favor of new runways at O'Hare.

We say presumably, because the city has never taken a single public step to advance any specific plans for new runways or reconfiguration of existing runways. That remains true to this day, although Daley now says a newly formed delay task force will try to have a plan ready to hit Durbin's July 1 deadline. And American Airlines, for its part, is offering to show Gov. Ryan the runway plan it would prefer.

But keep in mind that the public has seen no maps. No environmental impact studies. No cost estimates. No timetables for construction. No analysis of how flight schedules might be further disrupted or delayed during construction – particularly if the city wants a radical reconfiguration that would result in two or more new sets of parallel runways. No reports of what the capacity of an updated O'Hare would be. No assessment of related noise and safety issues. The complete absence of plans and cost-benefit analyses does not seem to deter those who suddenly insist that we must commit to an O'Hare plan – even plans unseen – and that we do so, in essence, right now. The absence of construction timetables does not seem to disturb those who insist that O'Hare runways are the short-term answer for more capacity, even though the city aviation commission itself says it is very possible that new runways would not be operational for at least 10 years.

Yes, it is time – past time – to get serious about increasing airport capacity in the Chicago region. But O'Hare is not the only piece of the puzzle. A third airport in Peotone – which possibly could provide more capacity than O'Hare runways and perhaps do so earlier and at less cost – must be part of any reasonable discussion. To assume and declare that O'Hare is the only answer or the main answer before we know what the city and airlines have in mind is more than just bad planning – it is no planning at all.



## **O'Hare Task Force Keeps Door Closed**

□ *Friday, June 8, 2001*

For 20 years the city of Chicago has been conducting a campaign to sabotage plans for a third airport in the south suburbs. Documents prepared by Landrum & Brown, the city's aviation consultant, and recently unsealed by court order include a game plan for a "guerrilla war" against the third airport.

This week, the so-called "O'Hare Delay Task Force" held its first meeting. Landrum & Brown is providing the data and forecasts for the task force, which has decided to meet behind closed doors, barring south suburban officials, the public and the press from attending.

The documents released by the recent court order showed that Landrum and Brown advised Chicago on how to stall progress on a third airport and protect O'Hare and Midway airports and their airlines from possible competition at Peotone or another south suburban site. Chicago fought for years in court to keep the documents secret, and now city officials apparently are dedicated to keep the task force meetings secret as well.

The decision to bar the public from a task force meeting Tuesday was called "improper and unseemly" by U.S. Rep. Henry Hyde (R-6th) of Bensenville, who has worked for years with O'Hare's suburban neighbors to discourage expansion of the airport. Hyde urged Federal Aviation Administrator Jane Garvey to open the meetings — which, Hyde noted, include representatives of United and American Airlines and 14 other air carriers.

Joseph Karaganis, a lawyer for the anti-expansion suburbs, tried to enter the meeting but was barred. "If this happened in any other community, officials would be in jail," Karaganis said.

The fact is, the Cook County state's attorney and Illinois attorney general treat Chicago as if it were exempt from the Open Meetings Act. And it was clear at the task force meeting that Chicago Aviation Department officials have every expectation that the task force will be allowed to carry on its business in secret.

As Hyde wrote, that is "improper and unseemly." The task force meetings should be open to the public and press.

But then, how often do people involved in a guerrilla war invite the press and the public to attend their planning sessions?

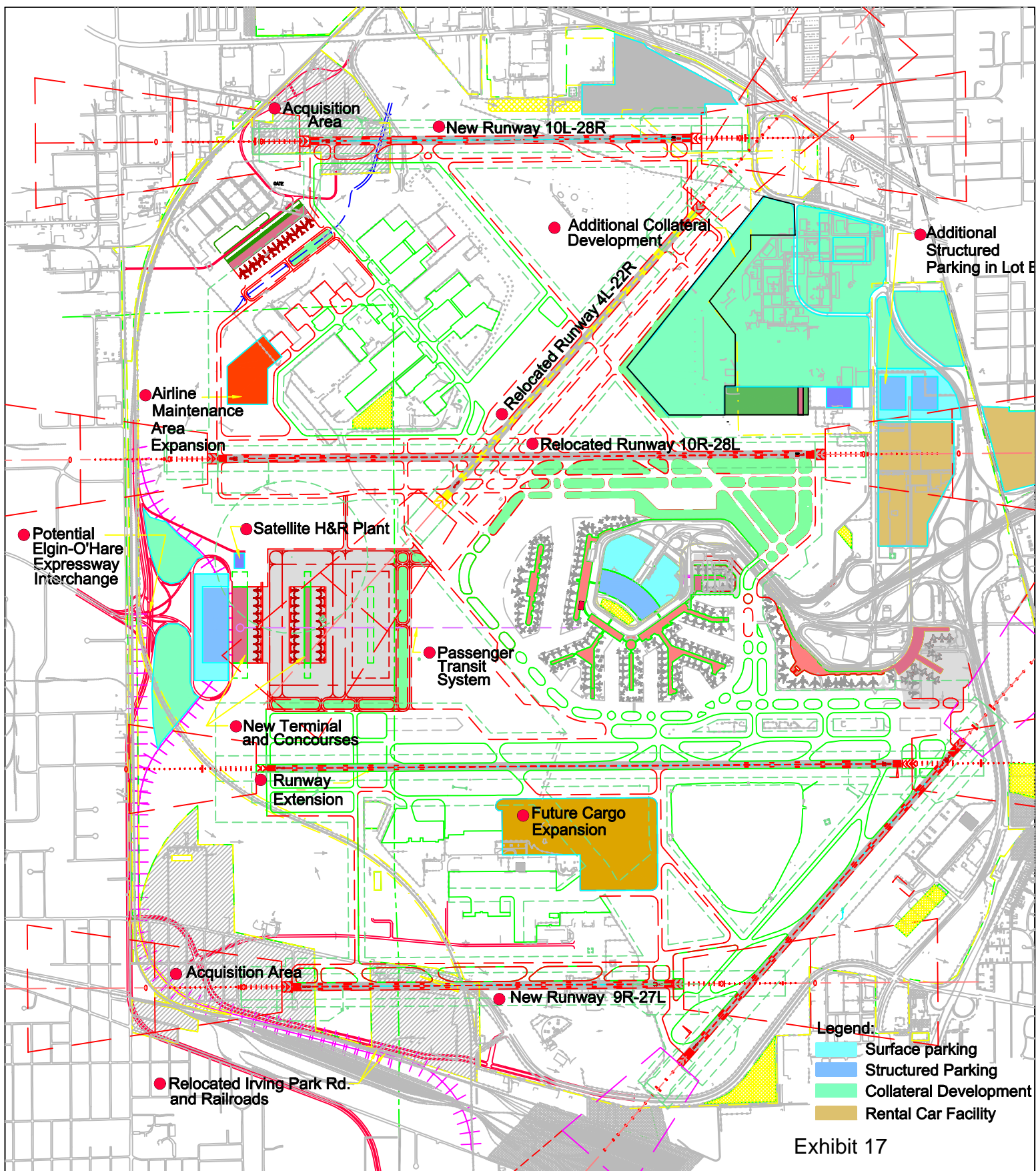


Exhibit 17